

SOVIET AGRICULTURE PROSPECTS: 1956-1960

- my quiet + no formal statement for unsat. state of affairs in*
I. Malenkov resignation statement, with ad- *"I see particularly clear"* A

mission "guilt" for agricultural failures, highlights agriculture as perhaps USSR's single most urgent problem.

A. In face of 10% population rise since '38 (3 million yearly, now), Soviet agricultural output was up only 3% above the prewar level (per capita daily calories [1953-54]--2,700, compared with 2,900 in 1938-39: a decline of 6%).

B. Compared with US standards, Soviet diet--while adequate *in amount*--is very starch-heavy, with little meat, milk, fats and oils.

C. USSR's slow agricultural growth seriously threatens retard growth of total economy, by lowering labor

II. As was case in recent past, success or

failure of USSR's present agricultural plans may have important bearing on stability of Soviet leadership in next several years.

A. Khrushchev closely identified with two boldest elements these plans--

1. "New Lands" program: expanding wheat acreage onto more than 70 million acres marginal land in Siberia and Kazakhstan by 1956, (roughly equal to Arizona).

2. Corn acreage expansion drive: from present 10 million to 70 million acres by 1960.

B. Both are major gambles because of weather and soil conditions.

1. For wheat production, soil and climate in much of "new lands" area is less favorable than in Soviet Ukraine, which--in turn--is

2. We are all aware of crop un-

certainties in Dakotas, due un-
certain rainfall.

3. Precisely same uncertainties exist
in Ukraine's rich black soil
regions.

4. In "new lands," situation even
more risky--crop failures may be
expected two out of every five
years.

C. Although Khrushchev casts a longing
eye toward US corn-hog production
methods, USSR actually has no hope
of developing yields comparable to
US corn belt, where soil, climatic
conditions exceptionally favorable.

III. Major Soviet plans for 1955-60 ("new lands"
and corn expansion) envision doubling of
both grain and livestock products output
by 1960.

A. To achieve meat products doubling

by 1960, Khrushchev logically has placed primary emphasis on pigs, which mature faster than cattle. Pork production is to go up 100 percent, beef production 70 percent.

B. In addition to climate risks, both grain programs are highly expensive, need heavy investment of machinery and manpower.

C. Current CIA estimates (which assume normal weather): by 1960, Soviet grain and livestock output--at the very maximum--will be only 20-30% above 1954 (in contrast Kremlin-scheduled increase of 100%).

IV. Under Malenkov, program for increasing agricultural output emphasized increased yields per acre, through intensified farming, increased peasant incentives.

A. Fifth Five-Year Plan called for

88% increase in fertilizer production by '55. At end of '54, production was only 45% above '50.

B. On incentive side, tax reductions, price adjustments, and slight increases in availability of consumer goods have been reported.

1. Question--in simple terms--is whether incentives strong enough to get collectivized peasant out of bed at 2:00 a.m. to tend a sick collectivized cow (as he probably would if the cow were his own).

2. No indication up to now that the peasant has radically changed his negative attitude towards collective farms.

V. While present Soviet regime has not re-

jected policy of increasing agricultural production in the traditional areas, major emphasis today is on grandiose expansion schemes.

A. Expansion intended to increase output much more quickly, although probably at greater long-run cost, than Malenkov program.

B. Success or failure of the expansion schemes--which we will be watching closely--may thus determine how near the USSR will come to achieving its agricultural goals in the next five years.

VI. While USSR is engaged in costly expansion gambles--a program reaffirming historic Soviet policy of economic self-sufficiency--no help can be expected from rest of Orbit, which is worse off at present than Soviet.

A. '54 overall Bloc output of grain (most

important crop) was 2% below '53, despite small Soviet gains.

1. In USSR, grain output in '54 was up about 5% over relatively poor '53 level, because almost spectacularly favorable weather in "new lands" more than offset effects of Ukrainian drought. Meat production in '54, reflecting low grain levels in recent years, was only 2% above '53.
2. In Satellites and China, however, the drop in grain output in '54, due to poor weather and flood, brought total for Bloc down below '53.

B. Total Bloc agriculture production (i.e.: grains, plus other commodities) was slightly poorer in '54 than in '53.

However, except for North Vietnam and some areas of China, where temporary famine may occur this spring, food supply in the Bloc this year (drawn from or harvests) will be adequate.